

FROM THE ARMY ACQUISITION EXECUTIVE

Transforming Army Installations And Facilities For The 21st Century

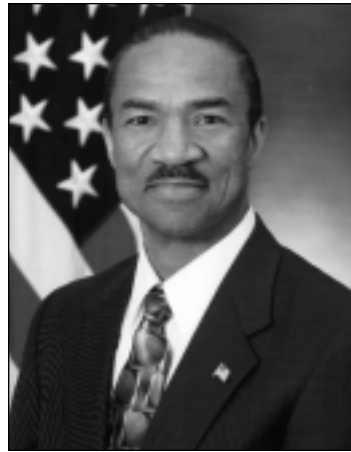
Army installations and facilities worldwide are the power projection platforms from which our men and women in uniform successfully deploy to execute their diverse missions. They are an integral component of readiness and also places where our soldiers work, train, and live with their families.

The Army has 12 million acres of land and facilities worth more than \$220 billion. On these installations, our world-class fighting force lives and works in third-class conditions. Quality of life and quality of workplace are directly linked to the quality of our infrastructure. Commanders currently rate two-thirds of their infrastructure condition so poor that it significantly impacts mission accomplishment and morale. It also impacts recruitment and retention.

Because we owe our soldiers the very best, the Army's holistic approach to transformation includes transforming our installations and facilities to support the Objective Force. In this issue, you will learn about how the Army plans to improve and manage future installations to meet changing mission requirements while, at the same time, protecting the environment and providing excellent living and working conditions for soldiers. You will learn about Fort Future, a virtual installation where one can model, simulate, and assess plans to support the Objective Force. You will also learn about installation protection against a full range of terrorist threats, and about the need for outsourcing innovations such as strategic sourcing, partnering, and performance-based contracts.

During the next 5 years, shortfalls in installation sustainment, restoration, and modernization are expected to total about \$3 billion annually. Adding to this serious situation is the fact that the Army has more infrastructure than it needs, and the cost of operating and sustaining it directly competes with funding our warfighting capability.

Faced with these challenges, the Army has initiated several efficiency initiatives that assist in getting the most we can from available resources. In particular, we are capitalizing on the strengths of the private sector



through housing and utilities privatization and competitive sourcing. Two noteworthy programs are the Residential Communities Initiative (RCI) and Utilities Privatization.

The President and Secretary of Defense have made improving military housing a top priority. In 1997, the Department of Defense established a goal to eliminate inadequate

housing by 2010. This administration accelerated that goal to 2007. RCI will help the Army meet this important goal. With more than 110,000 family housing units — 67,000 of which are inadequate — this program allows the private sector to remodel, build, and manage housing on Army bases to provide the quality of life that our soldiers and their families deserve. In fact, the privatization of military housing is proving to be a success story. Through RCI, whole communities are being redeveloped — communities that include recreation facilities, shopping areas, schools, and pedestrian pathways.

In another important area, secure, safe, reliable, and efficient utility systems are critical to the success of military installations as force projection and sustainment platforms. Procuring energy commodities effectively and efficiently — and conserving energy — saves money that can be invested in readiness, facilities sustainment, and quality of life. Historically, military installations have been unable to fully upgrade and maintain utility systems because of inadequate funding and competing installation management priorities. This is one reason why we are aggressively pursuing the privatization of utility systems — to free installation managers from the burden of providing utility services and maintaining utility systems. Where economically feasible and when unique security concerns do not exist, utility systems are being sold to private sector contractors who will then either repair them, or upgrade or replace them with improved utility systems and services. This eliminates ownership of the transmission lines and allows the installation to simply be a customer of the utility provided.

Our Nation's security, today and in the future, depends on installations and facilities that support operational readiness and changing force structures and missions. We must continue to transform our installations and facilities into those required for a 21st century military.

Claude M. Bolton Jr.